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and untechnical public. This defect will seriously injure the success of this otherwise meritorious work.

KARL DIEHL.

*Principles of Political Economy.* By J. SHIELD NICHOLSON. Vol. I, Pp. 452. Price \$3.00. London: Macmillan & Co. 1893.

This is the first instalment of a work apparently destined to be completed in two volumes. Vol. I, contains an introduction on definitions and methods in Political Economy, Book I on Production with twelve chapters on the usual topics, Book II on Distribution with fifteen chapters, the last being on Economic History and Economic Utopias, a vigorous denunciation of the latter, and finally an excellent index.

I must warn the reader that I cannot judge this book with perfect appreciation. I do not hail from Manchester, nor does it seem to me that the star leads thither that guides to the birthplace of the new prophet. Professor Nicholson appears to think differently. As I close this large volume after a careful and consecutive reading I am conscious that my instincts, literary, pedagogic and economic, predispose me to judge it unfavorably. Still there are certain qualities which it is easy to appreciate. The writer is conspicuously industrious, careful and sincere. He is usually fair in his statements of historical facts, if not in their interpretation. He is also unfailingly courteous, if we except an allusion to "the younger generation of economists," toward whom courtesy is not traditional.

The author's endeavor has been "to build on the broad foundations of Adam Smith and Mill without trenching unduly on the domain of ethics, jurisprudence or politics." He confesses, however, that he owes "far more to Adam Smith than to Mill." He takes exception to Mill both on account of his "want of historical knowledge" and because he was continually influenced by ethical considerations. These sentences suggest the principal characteristics of the book. The writer accepts substantially the views of Adam Smith. Of course it is conceded that his statements regarding stock companies, and possibly a few others, have been disproved by experience, but these concessions are few and do not touch fundamentals. Mill's views are oftener rejected, especially his theory of population and of the nature of the laws of distribution, while his more questionable wage-fund theory is accepted with qualifications. His ethical and philanthropic temper are repeatedly noted as a source of error.

In these days, however, interest centres in the doctrine of *laissez faire*. On this point our author leaves no doubt as to his position. "It may, perhaps, be thought that . . . practically the greatest happiness

of the greatest number will be admitted by everyone as the economic ideal. But a ready example shows that this is not so. Maximum freedom is at least as attractive and may lay claim to equal authority. For my own part I should not care to regard equality of distribution, even if it could be shown to be both practicable *and also productive of maximum happiness*, as the ultimate goal of human progress. . . . The sadness of wisdom may be preferable to the mirth of folly." No definition of wisdom is vouchsafed, though obviously called for. It evidently does not consist in the pursuit of maximum happiness, even for society as a whole. Liberty has been often defended as *a condition* of maximum happiness, but Professor Nicholson seems to have made an original contribution to the discussion. That this liberty so lauded requires that men be "let alone" by government, *i. e.*, that State activity is necessarily restrictive and annoying, never simply co-ordinating and directive, is assumed as obvious. "The younger generation of economists think it is their principal business to invent and justify new modes of governmental interference. . . . They have a child-like faith in the omnipotence of a duly reformed Parliament, in the altruism of the common man and in the virtue of obedience. On these points, however, I have to confess myself a disciple of Adam Smith, who believed very little in senates, and less in those who profess to trade for the common good, and who, in his praises of liberty, has had the singular honor of furnishing mottoes and texts to the literature of Russian anarchists." Mill is sharply condemned for conceding too much to the opponents of *laissez faire*. In all other points the author is orthodox. The reader of Smith, Ricardo and Mill will find no new doctrines in these pages. The innovations of Jevons, Sidgwick and Marshall are considered at length, but only by way of refutation, the "general reader" being wisely "recommended to pass over" the discussion.

The second characteristic of the book is its large use of the historical method, a most valuable feature and one in marked resemblance to Adam Smith. The valuable researches of Rogers, Cunningham, Seeböhm and others contribute excellent material which is extensively, and for the most part judiciously, employed. An exception may perhaps be noted in the case of the English land system, where the historical treatment becomes discursive and wholly out of proportion to that of other parts of the general subject. To this is partly due the conspicuously insular character of the work. Far more than in the case of Mill the discussion presupposes English economic conditions.

The use of historical matter of course implies induction, but it should not exclude deduction and exact analysis. The two instincts are

seldom well balanced however in a single mind, and so here. Deduction is rare, exact analysis wholly lacking. The book scarcely contains an example of an economic conception clearly analyzed and unambiguously stated. The author's general idea can usually be discerned or inferred from his expressed sympathy with other writers, but it is surrounded by a penumbra. While admitting with him that "natural species have centres but no outline," the same need not be true of our definitions of them. The author is apparently unconscious of the defect for he frequently emphasizes the necessity of thorough analysis. Nor is the fault one of style, which is lucid enough. His mind simply does not exact thorough analysis. It is hard to understand how he can cite with approval Böhm-Bawerk's masterly analysis of the conception of capital and then contentedly publish one so conspicuously inferior to it. I do not refer to the questionable meaning which he gives to the word (practically all accumulated wealth) but to the vagueness with which that meaning is stated.

One further feature of the book should be noted, namely, its attempt to separate economics from jurisprudence, politics, and notably from ethics. This principle is doubtful, for no science is intelligible which does not largely assume the results of related sciences. But whether the principle is sound or not, the application of it is open to criticism.

We are told that the economist must ask what forces *do* govern the production and distribution of wealth, not what forces *should* govern. He may inquire, but must not recommend. Probably not everyone will quite sympathize with this extreme rigor. It might be objected that these recommendations are not of the province of ethics, but are merely the practical applications of the science. The biologist, to be sure, does not recommend that the oyster should have two abductor muscles like the clam; he simply notes that he has but one. But if men controlled molluscan anatomy, biologists would doubtless express an opinion, and to prevent such an expression would be to silence our only competent advisers. Ethics furnishes us with no body of maxims for conduct. These must come from that great body of sciences which deal with the phenomena of human action. If these sciences do not furnish guidance for such action as they are competent to modify they are barren of their most valuable fruit. That economic phenomena are modifiable by conscious human effort, even the doctrinaire will hardly deny except by implication. If so economics should and will suggest changes for the moral sense to enforce, and ethics will bring no suit for trespass. Of course if it is really a matter of doubt whether maximum ultimate happiness be the goal of human progress the economist in common with other men will find recommendation difficult, but this embarrassment will probably not

be widely felt. When the quibbles connected with the word, "happiness," are thoroughly eliminated, the remaining question is scarcely capable of discussion, it becomes rather a criterion of sanity.

But it must be admitted that investigation requires a temperament almost irreconcilable with ethical ideals and enthusiasm for social reform. We should not expect the scientist to lead in reforming society or to disparage those who do. The scientist is the modern seer, an organ specialized by society for simple seeing. It can hardly be claimed however, that the author attains his laudable ideal. He has his share of social prejudices and ill-conceals them. While refusing to admit the ideal of happiness as a criterion of judgment he is not able to divest himself of its influence, still less of that of his more conspicuous ideal of liberty. This influence would have been safer had it been conscious and avowed, but instead the subtle presence of a shifting, chameleon colored ideal lends treacherous ambiguity or fallacy to his argument. His undisguised championship of *laissez faire* and contempt for economic utopias are not examples of colorless vision, nor can the man who disclaims ideals boast that he "believes very little in senates." These things imply ideals which if not eliminated should be defined and confessed.

I have so far tried to explain the author's position and to criticise his work from that position. I will now state briefly my objections to the position itself.

I. It regards economics as an objective science. It deals with the production of goods but ignores consumption, or the production of satisfactions. It talks of competition but forgets that consumption is the competitor of production in its claims on the time and interest of men. It considers the extensivity and ignores the intensivity of wealth. By thus stopping short of those facts which alone give significance to economic discussion, the phenomena of economic life become inexplicable. Poverty united with plenty, and prosperity dissociated from abundance are riddles it cannot solve. Of course it cannot avoid talking of utility and value, involving subjective factors, but it can and does fail to recognize their importance or to discern their laws. Objective economics is the alchemy of the science, a description of outward results. It is unscientific, because it ignores causes which may be examined and understood.

II. It explains distribution by production. The powerful influence of combination, of education, of law in changing the conditions of competition is necessarily admitted, but theories are not modified accordingly. It is of course admitted that wages may vary from minimum maintenance to full product according to the bargaining power of the parties involved; it is obvious that neither minimum necessary

maintenance nor bargaining power stand in any fixed relation to the productivity of labor; but the obvious conclusion of these facts, that production forces determine the amount to be divided, and distinct forces independent of production determine the proportion of the shares, this conclusion is nowhere drawn. The origin of the productivity theory of distribution is plain. Before division of labor came (so runs the argument), each man had what he produced, and of course production determined his remuneration. Now each man has *his share of a joint product*, obviously only an adaptation of the former principle. Precisely; but what determines his share, his contribution to the result being incommensurable? It is with the necessity for dividing a joint product that the problem of distribution appears. But when a theory is surrendered in its applications, why is it retained as a generalization? The reason is apparently that the social corollaries of the opposite theory are repugnant to an ultra-individualistic philosophy.

III. Finally, the economics in question misinterprets history in its estimate of the function of the State. I bow low in homage to Adam Smith, but I do so in the full conviction that were he born into our day he would revise the "Wealth of Nations" as his followers refuse to do. He was keen, observant, and untrammelled by orthodox traditions. The law of settlement, the statute of apprentices, the old poor law, etc., gave him material for a damning indictment of State interference. They were clumsy attempts of a half metamorphosed military organization to perform industrial functions, efforts to plow with swords not yet beaten into plowshares. This clumsiness of the State contrasted ill with the virility of an exceptionally stimulated individual enterprise, and in hailing the movement from status to contract, Adam Smith became the prophet of a century.

But the succeeding century has brought the infamies of the early factory, the servitude of labor and the stunting of a race. It has brought in succession the rivalry, the frenzy and the paralysis of competition. It has brought corporations, syndicates and trusts, and railway magnates who dictate terms to nations. The abdication of the State from its industrial functions has developed the pseudo-state, ruling by virtue of neglected prerogatives. We have seen this pseudo-state purchasing the legality of its acts, the moral obliquity of the monstrous debauchery being charged, with the perversity of prepossession, wholly to the account of the state. On the other hand we have seen government industries prosecuted with eminent success. We have seen the reform of the poor laws, and the passage of the factory acts, a monument of beneficence, against the united opposition of the praisers and the practicers of unrestricted self-interest. These

facts may be variously estimated but they must not be ignored. The reader of Professor Nicholson's book would not guess that trusts had ever existed, or that the maintenance of real freedom of contract was difficult or doubtful. I must insist that those who ignore such things or hold traditional conclusions unmodified by them are no kindred of Adam Smith. Nor is it enough grudgingly to admit the beneficence of the factory acts, and deny that the State can be useful farther. History is worthless if it does not enable us to project the orbit of progress into the future. Doubtless State intervention has its dangers and its limits, but limits shift and difficulties that once baffled, here as elsewhere, are later overcome.

Concession after concession, qualification after qualification, has sapped the vitality of the doctrine of *laissez faire*. It lacks the vigorous conviction, the conscious obviousness and the confident appeal to current experience which characterized the writings of Adam Smith. Even its calmest advocates can hardly refrain from epithets and spleen. All signs indicate a readiness for a new prophet, a new Adam Smith, who shall interpret to us the signs of our times.

H. H. POWERS.

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*Wesen und Zweck der Politik, als Theil der Sociologie und Grundlage der Staatswissenschaften.* Von GUSTAV RATZENHOFFER. 3 vols. Pp. 400, 363 and 481. Price 20 m. Leipzig: Bockhaus, 1893.

The question whether history is a science has always been much less a matter of controversy than the question whether politics, while apparently only political shrewdness or skill in State affairs, can be a science. Politics has been regarded as synonymous with statecraft, and this view has been strengthened by the fact that every attempt to treat politics as a science has failed. There have been such attempts made, though they have, as Robert von Mohl declares, all "stopped with modest demands." Mohl, himself, in his "*Cyclopädie der Staatswissenschaften*," presents a brief outline of politics in the sense of "statecraft," or the "theory of the appropriate means to the attainment of the various purposes of the State." Holtzendorf, likewise, has written a book on the "*Prinzipien der Politik*," in which he essays to set forth the scientifically established laws of political action. But both Mohl and Holtzendorf forget that science affords no guide for action, that science must not be confounded with art. The function of science is to present the objective development of phenomena and the laws of this development; and a science of politics, therefore, should set forth the political actions of men as a social phenomenon having a regular development. There has been no such presentation